

## COMMODITIES

## Prices seen softening for coffee, meat, poultry

### NRN Special Report

It is a pleasant change to report nearly all good news in the food supply and price area after so many months of chronicling primarily rising prices and dropping supplies. Bumper crops of grain herald lower pork, poultry and beef prices, while California's tomato crop is an excellent one.

The big news, however, is coffee. Major national roasters, including General Foods, Procter & Gamble and Coca-Cola, dropped prices by 5¢ to 10¢ lb. for roasted, ground coffee, the second drop in four months. In April, roasters made a similar cut.

The lowered prices are a result of a slide in the cost of green beans, despite vigorous efforts of the producing nation's through their International Coffee Organization, to reduce quotas when world prices fall. Good news of gradually rising temperatures in Brazil's coffee growing areas relieve fears of more frost damage there, even though the winter season is not yet over as NRN goes to press.

California iceberg lettuce prices are down as a result of two factors: 1) end of the effect of early spring floods in Salinas and San Joaquin Valley growing areas, and 2) local competition from farmers all across the country. Lettuce prices are a bit below last year's in the Santa Maria coastal valley area of California as well.

### Beef Supply and Price Down

While the size of the nation's cattle herds are down by 4% from last year, prices have been below 1981 levels as well, ranging 1¢ to 4¢ lower through July and August. Although soaring pork prices in June pulled beef up too, consumer resistance to the higher prices soon forced both meats down, although a severe shortage of pork has raised its level again.

Both poultry and egg prices are running well under last year's levels. This is due to the reduced cost of feed grains to the producers.

And feed prices may be headed lower again. U.S. Department of Agriculture grain crop forecasts in mid-August predict the second record yield year for corn in a row, up 1% over 1981. Soybeans, too, are expected to be a record crop, 13% higher than last year, and 1% more than the record set in 1979.

Both grains have large carryovers from last season, particularly as a result of the earlier grain embargo to Russia. As expected, Russia agreed to a 1-year extension of the grain pact requiring purchases of at least 6 million metric tons of grain by the end of September 1983. Even this will not seriously dent the huge surplus.

### Ketchup, Applesauce Forecast

Forecasts of a good California tomato crop have resulted in further drops in the price of processed tomato products by some packers. Ketchup, paste and sauce have been reduced by 50¢ to \$1 per case, f.o.b. packer, by a number of firms. Further decreases are expected.

The Northeast apple crop is forecast to be a good one, with applesauce prices expected to drop by the end of autumn. While Northwest prospects are not as rosy, the majority of processed apples are from areas expecting good crops this year.

Raisins should be plentiful and lower in price. Following a good production last year, this season's raisin grapes are a "near record," and there is a large carryover from 1981. World market competition for American raisins is intensifying, and analysts expect exports for this season's crops to be off at least 40%, putting downward pressure on domestic prices.

### Orange Juice Scare Averted

In August, Florida officials gathered samples of orange juice concentrate from the 1981 season to check for the presence of the pesticide Temick, which has been found in ground water and potatoes in New York's Long Island agricultural area near New

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### PRICE MOVEMENT AT A GLANCE

|                                                 | Aug. 20<br>1981 | July 20<br>1982 | Aug. 20<br>1982 |
|-------------------------------------------------|-----------------|-----------------|-----------------|
| Beef, Choice, 700-900 lb.,<br>Midwest (lb.)     | \$1.06          | \$1.03          | \$1.03          |
| Broilers, Grade A, icepack<br>NYC (lb.)         | \$0.4856        | \$0.4618        | \$0.4410        |
| Coffee, green beans,<br>Brazilian, NYC (lb.)    | \$1.25          | \$1.40          | \$1.36          |
| Eggs, Grade A, large,<br>white, Chicago (doz.)  | \$0.6975        | \$0.59-60       | \$0.635-0.64    |
| Lettuce, iceberg, Calif.<br>(24s)               | \$3.75-\$4.25   | \$5.50-\$7.00   | \$3.50-\$4.00   |
| Pork loins, Choice,<br>14-17 lb., Midwest (lb.) | \$1.04          | \$1.20          | \$1.19          |
| Potatoes, round white<br>(50 lb.)               | \$3.50          | \$2.25-\$2.50   | \$2.25-\$2.38   |
| Rice, No. 2, milled,<br>Arkansas (cwt.)         | \$26.50         | \$16.00-\$17.00 | \$17.00-\$18.00 |
| Sugar, cane, refined,<br>NYC, (lb.)             | \$0.2910        | \$0.3310        | \$0.3360        |
| Tomato Ketchup, Fancy,<br>California (6/10)     | \$14.00         | \$16.30         | \$15.80         |

Source: NRN research

Prices listed are packers f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing market movement in price.

# Senate endorses penalties for hiring of illegal aliens

By Ken Rankin

WASHINGTON—Controversial new legislation setting Federal criminal penalties for restaurateurs and other employers who knowingly hire illegal aliens sailed through the Senate and was headed for a final House showdown as *Nation's Restaurant News* went to press.

The measure—which had drawn vigorous opposition from food-service leaders—was shepherded through the Senate by Sen. Alan Simpson (R-Wyo.) despite efforts by Congressional liberals to water down the illegal alien hiring penalties.

Under the terms of the bill restaurateurs will be required to verify the immigration status of all job applicants, and maintain records proving that they had obtained appropriate iden-

tification from each worker.

Although the Senate-passed immigration "reform" measure applies equally to all United States businesses, the sanctions on employers pose a particularly serious problem for food-service operators because of the large number of illegal aliens who are attracted to unskilled restaurant work.

Fast feeders and other large restaurant chains appear particularly vulnerable under the terms of Simpson's bill because the measure specifically exempts firms which employ fewer than four illegal aliens.

Eventually, the legislation calls for the development of a "tamper-proof" national identification card to streamline the verification process, but the creation of such an I.D. may be years away.

In the meanwhile, employers

will be expected to check the birth certificate, passport or driver's license of all job applicants and maintain records of these documents for presentation to Federal immigration officials upon demand.

Although the penalties for employers found in violation of these requirements are subject to change in the House version, Simpson's Senate bill called for fines of up to \$500 per worker for even routine recordkeeping lapses, and criminal penalties of up to \$2,000 and six months in prison per worker for employers who knowingly hire illegal aliens.

Ironically, restaurant industry lobbyists found themselves at odds with many of their traditional Senate allies on the immigration bill and for a time opponents of the measure were

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## Pizza Inn pins its profit hopes on chainwide pan pizza rollout

DALLAS—Pizza Inn hopes to reverse a decline in profits this second half of the fiscal year with its systemwide rollout of deep-dish pan pizza.

Channing Arnold, marketing vice president, said the company hoped to have the deep-dish pizza in all company stores by the end of this year.

At present, more than half of the chain's approximately 270 company stores are offering the product.

Arnold said that in test markets the pan pizza accounted for about 30% of total pizza sales.

Pizza Inn now offers three types of pizza: a traditional thin crust, a thicker-crust Sicilian and the new deep-dish pan vari-

ety.

Arnold said that sales of the two thick-crust products had "gone up substantially" to 45% of total pizza sales. The Sicilian accounted for 15% of sales and the thin crust for 55%.

The deep-dish pizza is selling for the same price as the Sicilian Topper in most markets: \$4.65 for a small cheese, and \$8.75 for a large cheese.

Arnold said the product would be made available to franchisees but they would not be compelled to offer it.

"Some were involved in the test," Arnold said of the franchisees. "They had very positive results."

Pizza Inn has about 150 fran-

chisees operating more than 400 stores.

Some food-service experts say deep-dish pizza is a slower-cooking pizza and thus is less attractive to lunchtime customers who are usually in a hurry. Asked about the potential impact of a deep-dish pizza on lunchtime sales, Arnold said "the effect should be positive." Because of the type of oven and the materials used in making the pan pizza, he said, the cooking time should be about the same as for the other pizzas.

He said the pan pizza would be added to the stores' lunchtime buffet, giving customers a third pizza choice.

The new product was test-marketed in units in Dallas, Houston and Atlanta.

In a news release detailing financial information for the first half of this fiscal year, the company said that "initial test results" of the pan pizza indicated "excellent acceptance."

"We expect this new product to add to improved operating results in the second half of 1982," the company stated.

For the first 26 weeks, profits were down slightly to \$885,000 compared to the same period last year. Sales were up 2.7% to \$69 million.

## Anheuser-Busch seeks to purchase El Chico

DALLAS—A state regulatory agency said it would force the sale of the 83-unit El Chico chain here if a pending acquisition of its parent company, Campbell-Taggart, is completed by beer manufacturer Anheuser-Busch.

A Texas statute, the so-called "three-tier law," forbids any company involved in the manufacture or distribution of alcoholic beverages to hold retail liquor licenses in the state of Texas.

A spokesman for St. Louis-based Anheuser-Busch said the company would comply with the decision of the Texas Alcohol Commission. The company, the largest brewery operation in the world, conceded it has not yet begun to search for a buyer.

The TAC's decision stemmed from a ruling that the three-tier law affects companies whose owners are based in other states. Campbell-Taggart, the largest bread manufacturer in the United States, is based in Dallas.

Although El Chico's Mexican dinnerhouses are spread throughout several Southern states, 49 of them are in Texas.

The company was acquired by Campbell-Taggart in 1977 after years of operation by its founder, Gilbert Cuellar. Reaction to the company's pending sale at El Chico headquarters was muted; top executives Richard Rivera and Wayne Musgrave did not return telephone calls asking for comment on the company's future.

Several food-service companies are said to be preparing to bid for the El Chico chain, counting on Anheuser-Busch's reluctance to close down the restaurants or forfeit their liquor licenses while looking for a buyer.

## Sambo's taps DDB/West; court O.K. is next step

CARPENTERIA, Calif.—Doyle Dane Bernbach/West of Los Angeles has been selected by Sambo's management to handle both a short-term repositioning project (including rollout of a new name for the struggling chain), and the company's full account for 1983.

Sambo's must now gain approval for the selection from the courts regulating the company's operations under Chapter XI bankruptcy rules. The bankruptcy court will also reportedly be the final source of approval for Sambo's advertising budget, rumored to be earmarked for as much as \$15 million over the next year. The fall name-change campaign will reportedly be a \$3 million effort.

The all-but-official new name "Pleaser's For Your Appetite" will be the thrust of the company's repositioning strategy (see earlier story, page 94). However, Sambo's executives, tight-lipped about any details of the company's efforts at recovery, are reportedly hamstrung by the necessity of gaining court approval for spending plans through its creditors' committee, which acts as an intermediary between the company and the court.

New York ad firm Geers Gross, Sambo's agency-of-record at the time of the switch to DDB/West, had handled the chain's account for about a year prior to an unsuccessful bid for future business. Geers Gross is a member of Sambo's creditor's

committee.

On another front, Sambo's has hired Carl Jacobs as vice president of human resources. Other positions recently filled include purchasing vp, production vp and corporate planning director. Jacobs refused to disclose the names of those appointments.

## FINANCIAL NEWS

## Denny's sales hit \$1.05B; marketing is key

LA MIRADA, Calif.—Denny's Inc. has posted system-wide sales of \$1.05 billion for the fiscal year ended June 25. Net corporate income for the year was up 36.6% to \$36.8 million on revenues of \$955.7 million, up 12.6% over last year.

Net income for the fourth quarter of fiscal 1982 was \$10.4 million on revenues of \$252.3 million, compared with fourth-quarter income of \$8.4 million on sales of \$224.5 million a year ago.

Company sources credit intensified marketing efforts as the basis for an increase to 209 in the number of Denny's restaurants with sales over \$1 million, compared to 126 last year and 57 the year before that. Average sales per unit increased by 9.1% in 1982 to

\$907,000, compared with \$831,000 per restaurant in 1981. About half the increase was attributed to higher customer traffic.

Denny's president and ceo Vern O. Curtis reported that restaurant division margins, corporate profit margin and return on equity improved during 1982, with shareholders' equity reaching \$224 million at the end of June, equal to 47.6% of total capitalization.

Curtis also indicated that the company is increasing its share of the market dominated by chains, including those regional chains making strong bids at boosting their share of the coffee shop segment. "We are continuing to refine our operations and regionalize our menu in order to compete effectively

with these groups," he said.

A slowdown in chain expansion during 1982, when only 15 restaurants were built, coincided with the company's re-evaluation of its site-selection process. "This effort has now been completed," Curtis said, "and during the 1983 fiscal year we plan to develop around 50 new restaurants."

During 1982, 39 restaurants now operated by Denny's were acquired from other chains. The company is now proceeding with the conversion of 23 of the Alph's restaurants in southern California acquired earlier this year.

During the fiscal year, Denny's opened 54 domestic restaurants, closed one and converted four from franchised to company operation. Foreign licensees

opened 18 units and closed one. At fiscal year-end there were 1,071 Denny's open, including 856 company-operated units, 34 domestic franchised units and 181 foreign licensed units.

Also in the year, three Winchell's Donut units were opened while 37 were closed. At

year's end there were 836 doughnut shops in the United States and 14 abroad.

Winchell's contribution to revenues was up 3.6% in the year, to \$156.5 million. Average sales per unit rose to \$184,000 in the year, compared to \$168,000 in 1981.

## Canteen's pretax earnings slide

CHICAGO—Canteen Corp. reported second quarter pretax earnings of \$4.2 million, down \$300,000 from the \$4.5 million earned in the previous year.

Operating revenues were down \$8.1 million, or 4.1%, to \$189.7 million, while operating expenses decreased \$7.1 million, or 3.7%.

In the first six months ended June 30, the contract food man-

agement company had pretax earnings of \$5.7 million, down \$200,000 from the \$5.9 million earned in last year's comparable period.

Six-month operating revenues declined \$12.3 million, or 3.2%.

Canteen officials said the company continued during the most recent quarter to pursue new business.

## Food-service chain stock analysis table

|                  |        | STOCK PRICE             |       |       |      |        |       |         |                    | TREND TO MARKET            |                    |                             |                        | EARNINGS/SHARE                                             |        |                                    |       |                  | P/E                    | DIVIDENDS              |          | FINANCIAL POSITION      |                  |         |                  |    |                      |                           |                       |
|------------------|--------|-------------------------|-------|-------|------|--------|-------|---------|--------------------|----------------------------|--------------------|-----------------------------|------------------------|------------------------------------------------------------|--------|------------------------------------|-------|------------------|------------------------|------------------------|----------|-------------------------|------------------|---------|------------------|----|----------------------|---------------------------|-----------------------|
|                  |        | Two Weeks Ended Aug. 27 |       |       |      |        |       |         |                    |                            |                    |                             |                        |                                                            |        |                                    |       |                  |                        |                        |          |                         |                  |         |                  |    |                      |                           |                       |
|                  |        |                         |       |       |      | Change |       | 52-Week |                    | Price Trend<br>(% per day) |                    | Volume Trend<br>(% per day) |                        | Latest<br>12 Months<br>vs Preceding<br>12 Months<br>Change |        | 5-Year<br>Annual<br>Growth<br>Rate |       | Profit<br>Margin | Latest<br>P/E<br>Ratio | Indicated<br>Divd Rate |          | Latest<br>X-Dvd<br>Date | Last Fiscal Year |         | Current<br>Ratio |    | Long<br>Term<br>Debt | Common<br>Stock<br>Equity | Last<br>Sheet<br>Date |
| Name             | Symbol | High                    | Low   | Close | Amt  | Pct    | High  | Low     | Last<br>30<br>Days | Last<br>5<br>Days          | Last<br>30<br>Days | Last<br>5<br>Days           | Last<br>Fiscal<br>Year | Amt                                                        | Pct    | Rate                               | %     | %                | %                      | %                      | Amt      | Yield                   |                  | Revenue | Earnings         |    |                      |                           |                       |
|                  |        | \$                      | \$    | \$    | \$   | %      | \$    | \$      | %                  | %                          | %                  | %                           | \$                     | \$                                                         | %      | %                                  | %     | %                | %                      | \$                     | %        |                         | \$ Mil           | \$ Mil  |                  | \$ | \$                   |                           |                       |
| Aca Los A Res    | ALAR   | 5.63                    | 5.00  | 5.63  | .63  | 12.50  | 7.50  | 3.50    | .41                | 1.55                       | -8.08              | 33.06                       | .47                    | -48 S                                                      | -109.0 | -5.0                               | 4.3   | NE               | .00                    | .0                     | 01-06-81 | 27.7                    | 1.2              | 2.4     | 5.7              | 3  | 1081                 |                           |                       |
| Am Motor Inns    | INN    | 18.75                   | 16.38 | 18.13 | 1.75 | 10.69  | 20.88 | 10.00   | -.33               | .31                        | -5.52              | 28.39                       | 1.66                   | .41 N                                                      | 26.2   | 34.0                               | 6.3   | 9.2              | .22                    | 1.2                    | 08-10-82 | 142.3                   | 8.9              | 1.5     | 15.6             | 11 | 0781                 |                           |                       |
| ARA Services     | ARA    | 32.00                   | 26.50 | 31.25 | 4.25 | 15.74  | 32.00 | 23.50   | .01                | 1.83                       | 1.24               | 23.13                       | 4.00                   | -1.28 N                                                    | -27.0  | -2.0                               | 1.5   | 9.0              | 2.00                   | 6.4                    | 08-26-82 | 2915.9                  | 45.1             | 1.2     | 21.0             | 44 | 0981                 |                           |                       |
| Assoc Hosts      | AHST   | 5.38                    | 5.13  | 5.38  | .25  | 4.88   | 6.50  | 4.88    | -.59               | .69                        | -.27               | 8.89                        | .66                    | -.01 N                                                     | -1.5   | -10.0                              | 2.6   | 8.5              | .12                    | 2.2                    | 06-08-82 | 79.9                    | 2.1              | 1.5     | 6.4              | 7  | 0981                 |                           |                       |
| Beefstik Char    | BSCC   | 5.13                    | 4.75  | 4.88  | -.13 | -2.50  | 6.50  | 2.88    | -.69               | -.34                       | -6.07              | 44.77                       | .62                    | .11 S                                                      | 18.9   | 32.0                               | 2.4   | 7.1              | .00                    | .0                     | 00-00-00 | 86.2                    | 2.1              | 1.2     | 1.5              | 3  | 1081                 |                           |                       |
| Bob Evans Farms  | BOBE   | 25.75                   | 21.75 | 24.00 | 2.41 | 11.14  | 25.75 | 16.13   | .26                | -.48                       | 4.08               | 10.46                       | 1.45                   | .20 Q                                                      | 16.0   | 24.0                               | 7.9   | 16.6             | .36                    | 1.5                    | 08-16-82 | 173.4                   | 13.7             | 1.7     | .0               | 7  | 0482                 |                           |                       |
| Bonanza Intl Inc | BNZA   | 1.88                    | 1.63  | 1.88  | .25  | 15.38  | 2.75  | 1.06    | -.83               | -.70                       | -6.76              | -8.51                       | -3.33                  | -2.56 S                                                    | NE     | -65.0                              | -61.8 | NE               | .00                    | .0                     | 00-00-00 | 24.1                    | -14.9            | 1.2     | 11.2             | 2  | 1281                 |                           |                       |
| Brock Hotel Cp   | BHC    | 13.13                   | 10.00 | 12.63 | 2.63 | 26.25  | 17.50 | 9.63    | -.30               | 1.12                       | -1.11              | 20.20                       | .59                    | .40 S                                                      | 129.0  | 24.0                               | 4.3   | 17.8             | .10                    | .8                     | 06-29-82 | 165.1                   | 7.1              | 1.2     | 11.0             | 4  | 1281                 |                           |                       |
| Calny Food       | CLNY   | 8.50                    | 8.25  | 8.50  | .25  | 3.03   | 9.00  | 7.16    | -.31               | .32                        | -2.79              | 6.90                        | 1.11                   | .11 Q                                                      | 11.8   | 5.0                                | 3.2   | 8.2              | .20                    | 2.4                    | 07-29-82 | 37.0                    | 1.2              | .6      | 1.5              | 2  | 0282                 |                           |                       |
| Carrols Develop  | CRL    | 6.13                    | 5.00  | 5.63  | .63  | 12.50  | 6.38  | 3.97    | -.26               | -1.65                      | -2.43              | -14.29                      | .66                    | .27 F                                                      | 69.2   | 39.0                               | 1.9   | 8.5              | .09                    | 1.6                    | 12-24-81 | 75.6                    | 1.8              | .7      | 10.1             | 5  | 0581                 |                           |                       |
| Chart House      | CHHO   | 23.38                   | 17.63 | 23.38 | 6.13 | 35.51  | 23.38 | 15.25   | -.02               | 2.15                       | 1.00               | 18.21                       | 2.03                   | .23 S                                                      | 12.4   | 14.0                               | 5.0   | 11.2             | .60                    | 2.6                    | 06-24-82 | 353.9                   | 17.7             | .9      | 14.5             | 10 | 1281                 |                           |                       |
| Chi-Chis         | CHIC   | 18.38                   | 13.88 | 18.25 | 5.13 | 39.05  | 18.75 | 10.09   | -.59               | 1.11                       | .97                | .37                         | .55                    | .22 F                                                      | 66.6   | 34.0                               | 11.1  | 33.2             | .00                    | .0                     | 06-28-82 | 14.9                    | 2.1              | 3.1     | 1.1              | 1  | 0481                 |                           |                       |
| Ch Full O Nut    | CHF    | 18.00                   | 15.75 | 16.63 | .63  | 3.91   | 18.00 | 9.13    | .15                | -.12                       | -4.79              | -9.54                       | .66                    | -.44 N                                                     | -51.1  | 20.0                               | 2.7   | 39.6             | .40                    | 2.4                    | 07-01-82 | 118.7                   | 3.2              | 3.4     | .8               | 5  | 0781                 |                           |                       |
| Churchs Fr Ch    | CHU    | 31.38                   | 25.88 | 29.75 | 4.00 | 15.53  | 33.50 | 25.00   | .10                | .80                        | -3.97              | 7.57                        | 3.52                   | .15 S                                                      | 4.6    | 17.0                               | 10.8  | 8.7              | 1.00                   | 3.4                    | 07-26-82 | 412.1                   | 44.6             | 1.9     | 1.0              | 15 | 1281                 |                           |                       |
| Cindys Inc       | CNDYC  | 3.13                    | 3.00  | 3.00  | .00  | .00    | 3.63  | 2.50    | .32                | -1.73                      | 2.27               | -36.04                      | -.06                   | 1.37 F                                                     | NE     | NE                                 | -.6   | NE               | .00                    | .0                     | 00-00-00 | 17.0                    | -.1              | .0      | 7.2              | 0  | 1281                 |                           |                       |
| Collins Foods    | CF     | 16.13                   | 12.75 | 16.00 | 2.63 | 19.63  | 16.13 | 7.75    | .15                | 2.91                       | 1.82               | 34.44                       | 1.69                   | .54 F                                                      | 46.9   | 13.0                               | 3.2   | 9.5              | .20                    | 1.3                    | 07-19-82 | 298.0                   | 9.6              | 1.3     | 7.4              | 11 | 0482                 |                           |                       |
| Consul Corp      | CNSL   | 7.13                    | 6.00  | 7.13  | 1.25 | 21.28  | 8.13  | 5.25    | -.68               | 2.88                       | -3.90              | 32.97                       | .00                    | .08 F                                                      | NE     | NE                                 | .0    | NE               | .00                    | .0                     | 00-00-00 | 17.6                    | .0               | .7      | 2.2              | 3  | 0682                 |                           |                       |
| Cracker Barrel   | CBRL   | 9.75                    | 9.25  | 9.50  | .25  | 2.70   | 11.00 | 7.25    | -.34               | -.62                       | -5.82              | .00                         | 1.00                   | 1.01 S                                                     | NC     | 21.0                               | 3.2   | 9.4              | .00                    | .0                     | 00-00-00 | 28.5                    | .9               | 1.0     | 5.4              | 3  | 0781                 |                           |                       |
| Dennys Inc       | DEN    | 28.50                   | 24.13 | 28.00 | 4.00 | 16.67  | 28.50 | 14.75   | -.21               | .33                        | -.79               | 8.32                        | 2.47                   | .45 F                                                      | 22.2   | 7.0                                | 3.9   | 11.3             | .64                    | 2.3                    | 09-03-82 | 840.7                   | 26.9             | 1.5     | 16.0             | 13 | 0681                 |                           |                       |
| Dunkin Donuts    | DUNK   | 18.50                   | 16.25 | 18.50 | 2.75 | 17.46  | 18.50 | 11.13   | -.11               | 1.78                       | -3.30              | 11.66                       | 1.82                   | .25 N                                                      | 14.0   | 19.0                               | 8.3   | 9.1              | .36                    | 1.9                    | 08-09-82 | 68.7                    | 5.7              | 1.3     | 11.4             | 11 | 1081                 |                           |                       |
| Frischs          | FRS    | 9.75                    | 8.38  | 8.88  | .13  | 1.43   | 11.63 | 5.78    | -.91               | -2.30                      | -5.03              | 12.04                       | 1.87                   | .50 F                                                      | 36.4   | 14.0                               | 3.8   | 4.7              | .38                    | 4.3                    | 06-29-82 | 101.0                   | 3.8              | 1.5     | 6.5              | 14 | 0582                 |                           |                       |
| Hambrg Hamlet    | HAMB   | 5.50                    | 5.50  | 5.50  | .00  | .00    | 8.25  | 5.00    | -.91               | -.66                       | -1.97              | .00                         | 1.35                   | 1.08 F                                                     | 400.0  | -13.0                              | 3.2   | 4.1              | .00                    | .0                     | 00-00-00 | 28.4                    | .2               | .9      | 20.9             | 12 | 0381                 |                           |                       |
| Hardwicke        | HAWK   | 1.63                    | 1.50  | 1.63  | .13  | 8.33   | 4.38  | 1.38    | .07                | 1.03                       | -2.79              | .00                         | -2.22                  | -3.88 S                                                    | NC     | -62.0                              | -11.4 | NE               | .00                    | .0                     | 00-00-00 | 30.6                    | -3.5             | 1.4     | 18.4             | 8  | 0981                 |                           |                       |
| Hilton Hotels    | HLT    | 36.75                   | 27.75 | 36.00 | 8.25 | 29.73  | 41.63 | 27.63   | .01                | .77                        | .40                | -12.36                      | 4.22                   | -.37 S                                                     | -9.0   | 22.0                               | 20.9  | 9.7              | 1.80                   | 5.0                    | 08-30-82 | 539.3                   | 112.6            | 2.0     | 4.5              | 20 | 1281                 |                           |                       |
| Holiday Inns     | HIA    | 31.63                   | 25.25 | 30.63 | 5.75 | 23.12  | 31.63 | 21.88   | -.07               | -.48                       | -1.68              | -4.58                       | 3.66                   | 1.20 S                                                     | 47.8   | 25.0                               | 7.8   | 8.3              | .80                    | 2.6                    | 06-10-82 | 1765.1                  | 137.4            | .8      | 21.0             | 25 | 1281                 |                           |                       |
| Holiday Inns A   | HIA A  | 46.00                   | 43.75 | 45.25 | 6.75 | 17.53  | 46.00 | 33.00   | -.27               | -1.10                      | 9.32               | -38.68                      | NA                     | NA                                                         | NA     | NA                                 | NA    | NA               | .00                    | .0                     | 00-00-00 | NA                      | NA               | NA      | NA               | NA | NA                   |                           |                       |
| Horn & Hardart   | HOR    | 17.75                   | 15.50 | 17.25 | 1.88 | 12.20  | 19.25 | 7.28    | -.54               | .02                        | -1.67              | 11.47                       | 1.05                   | .09 S                                                      | 10.0   | 31.0                               | 2.7   | 17.4             | .00                    | .0                     | 01-11-82 | 166.1                   | 4.5              | 1.7     | 12.6             | 7  | 1281                 |                           |                       |
| Hungry Tiger     | HTIG   | 10.00                   | 9.00  | 9.50  | .75  | 8.57   | 10.25 | 6.00    | .02                | -2.15                      | -3.03              | -18.44                      | .92                    | .18 N                                                      | 20.4   | 41.0                               | 3.2   | 9.0              | .00                    | .0                     | 08-24-81 | 49.9                    | 1.6              | .8      | 5.8              | 4  | 0881                 |                           |                       |
| Imperial Grp     | IMT    | 1.81                    | 1.56  | 1.69  | .06  | 3.85   | 1.88  | 1.06    | -.11               | -1.14                      | 1.83               | -11.11                      | .24                    | .00 F                                                      | .0     | 2.0                                | 2.0   | 7.0              | .14                    | 8.3                    | 09-28-82 | 8462.9                  | 171.0            | 1.1     | .7               | 2  | 1081                 |                           |                       |
| Intl Dairy Queen | INDQ   | 14.50                   | 13.75 | 14.50 | .50  | 3.57   | 14.50 | 9.25    | .23                | -.61                       | -5.39              | 46.15                       | 1.72                   | .34 S                                                      | 22.5   | 38.0                               | 6.1   | 7.8              | .00                    | .0                     | 00-00-00 | 91.3                    | 5.6              | 1.1     | 9.7              | 6  | 1181                 |                           |                       |
| Int King Tab     | IKNG   | 4.63                    | 3.50  | 4.63  | 1.13 | 32.14  | 4.63  | 1.75    | .64                | .29                        | -1.92              | 9.60                        | .34                    | 1.09 F                                                     | NE     | -34.0                              | 1.4   | 13.6             | .00                    | .0                     | 10-09-79 | 32.0                    | -1.0             | .3      | 5.4              | 3  | 0681                 |                           |                       |
| JBs Rest         | JBBB   | 6.25                    | 5.75  | 6.13  | .38  | 6.52   | 7.63  | 2.88    | -.93               | -.80                       | -4.17              | 15.08                       | .63                    | .29 N                                                      | 53.7   | 1.0                                | 3.0   | 7.4              | .16                    | 2.6                    | 08-09-82 | 36.4                    | 1.1              | .9      | 5.2              | 5  | 0981                 |                           |                       |
| Jerrico Inc      | JERR   | 21.50                   | 15.88 | 21.50 | 5.50 | 34.38  | 22.50 | 15.63   | -.23               | .53                        | -.46               | -14.82                      | 1.75                   | .07 F                                                      | 4.1    | 20.0                               | 5.1   | 12.3             | .12                    | .6                     | 05-10-82 | 378.2                   | 21.0             | 1.1     | 3.7              | 10 | 0681                 |                           |                       |
| Kapok Tr Inns    | KTI    | 3.75                    | 3.25  | 3.38  | -.25 | -6.90  | 4.50  | 3.25    | -.36               | -3.06                      | 2.36               | 28.57                       | -.24                   | -.17 N                                                     | NE     | -31.0                              | -2.9  | NE               | .00                    | .0                     | 00-00-00 | 13.8                    | -.4              | 3.1     | 1.9              | 6  | 0981                 |                           |                       |
| Kelly Johnston   | KEJO   | 18.75                   | 15.50 | 18.75 | 3.25 | 20.97  | 19.25 | 10.75   | -.48               | 1.55                       | .10                | 1.07                        | .89                    | .27 Q                                                      | 42.8   | 111.0                              | 8.1   | 20.8             | .00                    | .0                     | 00-00-00 | 11.9                    | .7               | .4      | .8               | 1  | 0381                 |                           |                       |
| Karcher Carl     | CARL   | 14.88                   | 12.25 | 14.88 | 2.88 | 23.96  | 14.88 | 8.88    | -.33               | .75                        | -1.61              | 9.66                        | 1.51                   | 1.68 Q                                                     | NC     | 17.0                               | 3.4   | 8.9              | .00                    | .0                     | 00-00-00 | 200.6                   | 6.9              | 1.9     | 6.4              | 8  | 0182                 |                           |                       |
| Lubys Cafe       | LUB    | 28.88                   | 26.88 | 27.50 | .63  | 2.33   | 32.00 | 23.50   | -.30               | -1.50                      | .89                | 25.15                       | 1.45                   | .25 N                                                      | 18.1   | 23.0                               | 9.1   | 16.9             | .60                    | 2.2                    | 09-03-82 | 108.2                   | 9.8              | 1.1     | .9               | 6  | 0881                 |                           |                       |
| Marcus Corp      | MPCS   | 7.13                    | 7.13  | 7.13  | .00  | .00    | 7.25  | 5.00    | -.05               | -.65                       | -5.69              | -22.09                      | 1.13                   | -.02 F                                                     | -1.7   | 6.0                                | 5.7   | 6.3              | .00                    | .0                     | 08-24-81 | 105.3                   | 6.1              | .8      | 2.9              | 9  | 0581                 |                           |                       |
| Marriott Corp    | MHS    | 44.50                   | 33.75 | 41.63 | 8.13 | 24.25  | 44.50 | 31.63   | .02                | .39                        | -.86               | -9.06                       | 3.20                   | .37 S                                                      | 12.6   | 30.0                               | 4.3   | 12.7             | .30                    | .7                     | 09-20-82 | 2000.3                  | 86.1             | .9      | 23.2             | 16 | 1281                 |                           |                       |
| McDonalds Cp     | MCD    | 81.38                   | 69.63 | 78.50 | 9.00 | 12.95  | 81.38 | 56.75   | -.07               | -.55                       | -.09               | -18.35                      | 6.54                   | .95 S                                                      | 15.7   | 18.0                               | 10.7  | 11.2             | 1.20                   | 1.5                    | 07-20-82 | 2477.2                  | 264.8            | .5      | 23.0             | 34 | 1281                 |                           |                       |
| Morrison Inc     | MORR   | 12.38                   | 11.25 | 12.13 | .88  | 7.78   | 12.38 | 8.13    | -.14               | 1.01                       | -2.81              | 24.24                       | 1.16                   | .21 F                                                      | 22.1   | 8.0                                | 4.1   | 10.5             | .36                    | 3.0                    | 07-12-82 | 319.8                   | 12.4             | 1.3     | 2.7              | 7  | 0581                 |                           |                       |
| Mr Steak         | MSST   | 2.00                    | 1.75  | 1.75  | .00  | .00    | 3.38  | 1.75    | -.92               | .75                        | -.57               | -10.34                      | .22                    | -.47 N                                                     | -293.7 | -23.0                              | .5    | NE               | .00                    | .0                     | 05-29-80 | 55.7                    | .3               | 1.4     | 3.4              | 5  | 0981                 |                           |                       |
| Nathans Famous   | NATH   | 1.00                    | .81   | 1.00  | .19  | 23.08  | 1.88  | .63     | .09                | 4.20                       | -1.44              | 15.63                       | .03                    | .90 F                                                      | NE     | NE                                 | .6    | 33.3             | .00                    | .0                     | 00-00-00 | 16.7                    | .1               | .5      | .1               | 2  | 0382                 |                           |                       |
| Nakbrook Cons    | OKCO   | 10.00                   | 9.00  | 10.00 | 1.00 | 11.11  | 10.50 | 9.00    | .13                | -.63                       | 11.35              | .00                         | 1.74                   | -.83 N                                                     | -47.9  | 3.0                                | 1.3   | 11.1             | .32                    | 3.2                    | 06-08-82 | 133.4                   | 1.7              | .8      | 5.6              | 13 | 0981                 |                           |                       |
| Orange-co        | OJ     | 5.25                    | 4     |       |      |        |       |         |                    |                            |                    |                             |                        |                                                            |        |                                    |       |                  |                        |                        |          |                         |                  |         |                  |    |                      |                           |                       |

## FINANCIAL NEWS

## Bonanza profits boosted by sale of People's stock

DALLAS—Bonanza, franchisor of 592 budget steak-houses, reported a net profit of \$507,000 for the second quarter ended June 27, compared with a net loss of \$1.7 million for the same period the previous fiscal year.

Revenues for the quarter increased 12% to \$7.2 million. But this figure includes \$1.8 million that Bonanza gained from the sale of its remaining stock in People's Restaurants, its spin-off concept.

Sales shrunk slightly to \$94.6 million for the quarter, which company president John Boylan attributed to the ongoing shut-down of marginal units. The chain, which numbered 638 units at the end of 1980, has lost 38 units since the beginning of the year.

Boylan pointed to the relatively modest drop in sales at a time of unit closings as a sign of "Bonanza's renewed momentum in the marketplace."

The continuing conversion of the surviving Bonanza restaurants to the Freshtastick's concept—a modification involving a large food bar, a higher grade of beef, a higher check average

and a marketing scheme based on "freshness"—accounts for the chain's 11% increase in per unit average sales during June, Boylan said.

About 250 of the budget steak units had been converted over the first half of the year, with another 150 expected to join them by its end. "Virtually the entire chain should be converted by mid-1983," Boylan added.

Dependent on the impact of recession upon prospective Bonanza franchisees, Boylan expects to add about 50 new Bonanza/Freshtastick's units in the next 12 months, paying special attention to markets where the company has withdrawn the traditional concept during the last few years.

Bonanza, still stung by the undercapitalization of many of its former franchisees, intends to resume expansion by licensing companies and avoiding individuals.

The company is now developing an upscale Italian dinner-house concept. Boylan said, the idea is aimed at a different market segment than the People's restaurants.

### EARNINGS REPORT

| Company                | Period             | Period Ended | Total Sales*        | % Change     | Revenues*†          | % Change    | Net Income (Loss)*     | % Change      |
|------------------------|--------------------|--------------|---------------------|--------------|---------------------|-------------|------------------------|---------------|
| Horn & Hardart Co.     | 26 wks.<br>13 wks. | 6/26         | \$107.481<br>59.791 | 35<br>38     |                     |             | \$ 2.260<br>1.354      |               |
| Godfather's Pizza      | 26 wks.<br>13 wks. | 7/13         |                     |              | \$ 19.498<br>10.239 | 28<br>25    | 2.729<br>1.367         | 30<br>17      |
| Denny's Inc.           | 12 mos.<br>13 wks. | 6/25         |                     |              | 955.737<br>252.304  | 12<br>12    | 36.776<br>10.364       | 37<br>24      |
| Kapok Tree Inns Corp.  | 40 wks.<br>12 wks. | 7/4          | 9.588<br>2.442      | (18)<br>(24) |                     |             | (206,000)<br>(125,000) |               |
| Sandwich Chef          | 12 mos.            | 7/3          | 17.011              | 25           |                     |             | 783.606                | 17            |
| Prime Motor Inns       | 12 mos.<br>13 wks. | 6/27         |                     |              | 54.826<br>14.788    | 16<br>9     | 9.098<br>2.349         | 40<br>51      |
| Pizza Inn Inc.         | 26 wks.<br>13 wks. |              |                     |              | 69.030<br>34.793    | 3<br>0.5    | 885,000<br>443,000     | (0.3)<br>(25) |
| Garcia's of Scottsdale | 28 wks.<br>13 wks. | 7/18         |                     |              | 13.722<br>5.714     | 241<br>157  | 777,000<br>258,000     | 10<br>1       |
| King's Table           | 12 mos.<br>13 wks. |              | 36.570<br>9.704     | 14<br>22     |                     |             | 508,000<br>266,000     | 682           |
| Marcus Corp.           | 12 mos.<br>16 wks. | 5/27         |                     |              | 103.762<br>31.263   | (15)<br>(7) | 5.884<br>1.478         | (3)<br>(11)   |
| Nathan's Famous Inc.   | 13 wks.            | 6/27         |                     |              | 4.882               | 0.5         | 358,452                | 7             |
| Mr. Steak Inc.         | 39 wks.<br>13 wks. | 6/27         |                     |              | 22.988<br>8.100     | 4<br>6      | (408,000)<br>(26,000)  |               |
| Southland Corp.        | 6 mos.<br>3 mos.   | 6/30         | 3.258<br>1.725      | 22<br>20     | 3.272<br>1.733      | 22<br>20    | 44,684<br>35,169       |               |
| Picadilly Cafeterias   | 12 mos.<br>3 mos.  | 6/30         | 142.649<br>37.047   | 12<br>11     |                     |             | 8.386<br>1.434         | 7<br>(17)     |

Source: Company earnings reports

\*In millions

†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

## Publicly held Peoples sees earnings jump

RICHARDSON, Tex.—People's Restaurants Inc., the operator and franchisor of 24 casual theme establishments, reported a net profit of \$806,000 for the fiscal year ended June 27, compared with a loss of \$40,000 during the previous year.

Sales increased 334% to \$18.1 million over the year, when People's added 17 units and became independent of its parent company, Bonanza.

Sales increased 222% to \$6.6 million during the fourth quarter when the company opened three new restaurants.

People's also has filed with the Securities and Exchange Commission its intention to sell one million shares of common stock.

## Mr. Steak net plummets 81% in third quarter

DENVER—Mr. Steak, a chain of 252 dinnerhouses, reported net profit dropped 81% to \$26,000 for the third quarter ended June 27 compared to the same period a year ago.

Sales for the quarter were up 17% to \$2.4 million.

The company incurred a net loss of \$408,000 in the three complete quarters of its current fiscal year, compared with a net profit of \$384,000 for the same period the previous year.

But sales for the 39-week period have increased 9% to \$3.6 million compared to the year before.

The third quarter's drop in profits is attributable to expansion of the company's field support staff, high interest rates to finance remodeling programs, and the expansion of Mr. Steak's meat processing facilities, according to Gary L. Atkinson, treasurer.

Increased customer counts in remodeled restaurants and sales of meat products to customers outside the Mr. Steak network made up much of the sales increase.

Proceeds from the registration, according to company treasurer Jonathan W. Spatz, will be used to finance the opening of new restaurants.

The concept now includes about 26 casual-theme dinnerhouses with an average check of about \$4.

The company recently named veteran Long John Silver's franchisee Guy Van Dyke as president.

## Pizza Inn net drops 25% despite revenue increase

DALLAS—Pizza Inn reported profits down 25% to \$443,000 in the second quarter ended June 27, compared with the same period last year.

Revenues rose just under 1% to \$34,793,000 from \$34,593,000 a year ago.

A company spokesman said that while average restaurant volumes were up 8.7% during the quarter, they did not "reach the levels we had anticipated."

Two other reasons given by the company for the lower profits were the start-up costs of a new promotional campaign and currency devaluation charges from its Mexican subsidiary.

The company reported one sign of optimism, however: per-unit sales averages in July increased by 14% over last July's averages.

For the first 26 weeks of fiscal '82 net profits were down slightly to \$885,000. Pretax earnings were up 7.6%, however, to \$1.27 million. A higher tax rate this year resulted in the lower net earnings, the company said.

## Godfather's reports 17% profit jump in 2nd qtr.

OMAHA—Godfather's Pizza Inc. reported that profits increased 17% to \$1.4 million during the second quarter, ended July 4, over the comparable period last year.

For the first 26 weeks of this fiscal year, profits were up 30%, to \$2.7 million from \$2.1 million during the same period in 1981.

Total revenues were up 25% during the quarter, to \$10.2 million from \$8.2 million last year. For the 26-week period, revenues increased 27%, to \$19.5 million from \$15.3 million.

## Pizza Time net skyrockets 453% in qtr.

SUNNYVALE, Calif.—Pizza Time Theatre Inc. has reported a 453% increase in net income for the second quarter ended June 17, compared with the same period last year. Profits in the quarter were \$1,978,929 on revenues of \$23.1 million, compared with \$358,137 in profits on sales of \$7.3 million in last year's second quarter.

The computerized-robot pizza theatre company more than tripled the number of stores in operation during the past year, with 129 units operating at the close of the second quarter. Of the total number of units, 67 are company-owned, accounting for \$18.4 million in sales during the quarter.

### Earnings Up

For the first two quarters of 1982, net income rose 653% to \$3.6 million on revenues of \$40.4 million.

In the second quarter Pizza Time settled litigation with Brock Hotel Corp. and received the required initial \$750,000 payment from Brock, along

with initial percentage payment on gross sales from the 160 Brock-operated units. Those amounts were part of the \$4.7 million in revenues from franchised units during the second quarter, which also saw the addition of 12 new franchised centers to the Pizza Time fleet. At the end of the second quarter last year there were 22 company-owned units and 19 franchisees.

### New Building

In April the company opened a 35,000-sq.-ft. games manufacturing facility in Hollister, Calif., which will supply as many as 150 game items per month to the pizza theaters.

## Imasco Ltd. posts 41% increase in operating profits for 1st qtr.

MONTREAL—Imasco Ltd. reported its restaurant business line, now consisting of Hardee's Food Systems of Rocky Mount, N.C., and Burger Chef of Indianapolis, showed a 41% increase in operating profits for the first quarter ended June 30 compared to the year-ago period.

The merger of Burger Chef into Hardee's, a \$4.4 million cash deal consummated in March, pushed Imasco's restaurant profits up to \$20.9 million (Canadian) for the quarter, the company said.

Revenues rose 53% to \$245.5 million (Canadian) for the quarter, compared to the prior-year period, the company said.

Imasco, also owner of Imperial Tobacco and Shoppers Drug

Mart stores, reported companywide profits of \$74.3 million (Canadian), a 28% gain, and revenues of \$671.2 million (Canadian), a 29% gain over the 1981 first quarter.

## Bob Evans net up 7% in 1st qtr.

COLUMBUS, Ohio—Bob Evans Farms, a family restaurant operator and sausage-maker, reported profits in its restaurant division of \$2.2 million for the first quarter ended June 30, an increase of 7% over the year-ago period.

Sales in the restaurant division reached \$25.8 million, a 16% gain over the previous year.

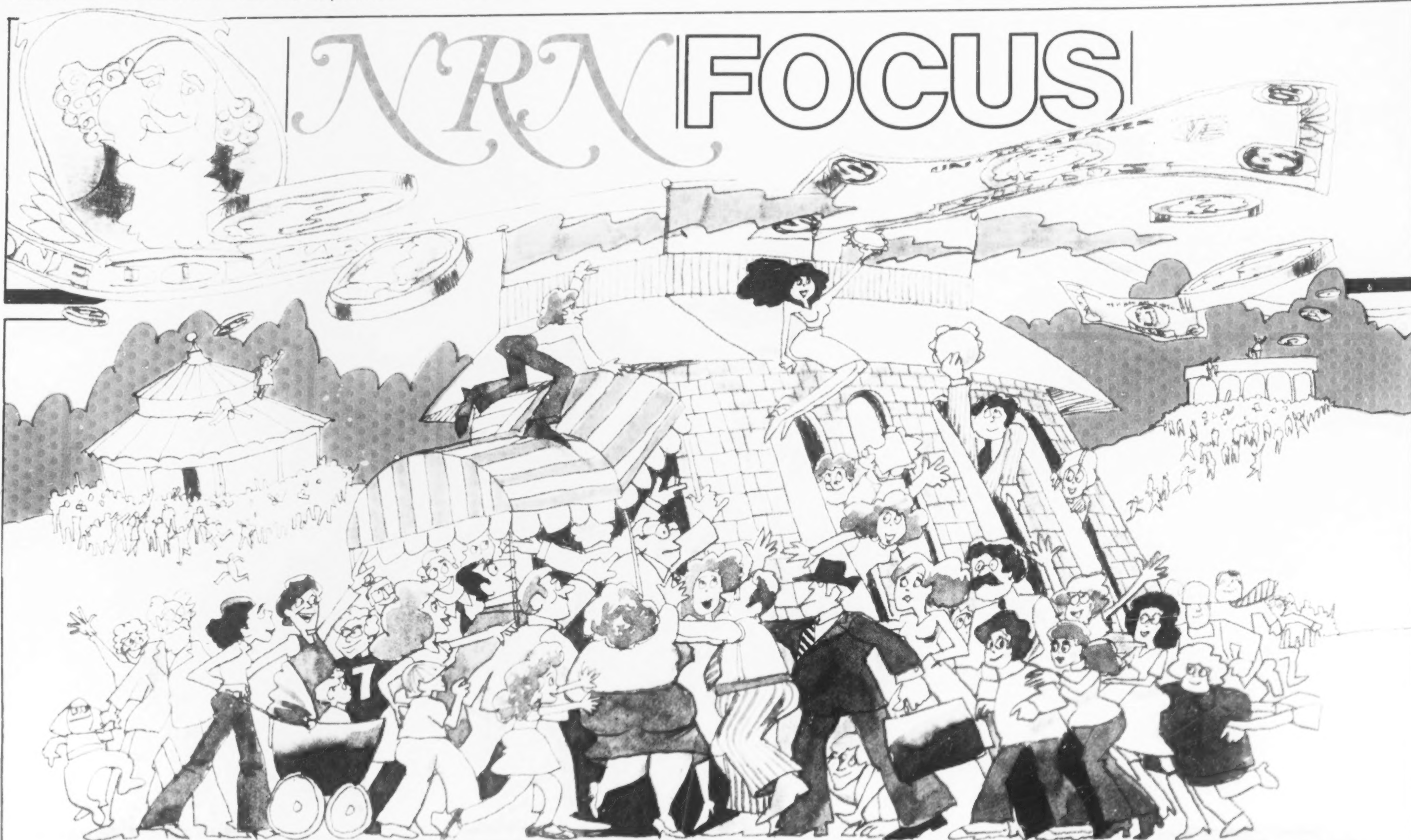
Companywide, Bob Evans Farms earned \$3.3 million, which was about the same as last year due to declines in sausage margins, on revenues of \$44.4 million, a 12% advance over the first quarter of 1981.

## Sandwich Chef net up 17% for year

BIRMINGHAM, Ala.—Sandwich Chef, a string of sandwich shops located largely in office buildings, reported net profits increased 17% to \$783,606 for the fiscal year ended July 3, compared to 1981.

The company, which added 30 units for a year-end total of 168, reported sales of \$17 million, a 25% increase.

The company operates in Birmingham, Memphis, Dallas, Denver and Washington, D.C.



## THE TOP 10 VOLUME RESTAURANTS A LOOK AT WHERE THE CROWDS GO

By Charles Forman

Twenty minutes by car from Boston is the highest grossing restaurant operation under one roof in the United States.

The restaurant, in Saugus, Mass., is the Hilltop Steakhouse. Its gross sales this year, including revenue from a retail butcher shop on premises, will be about \$31 million. (The butcher shop accounts for nearly half of total sales, according to estimates.)

The Hilltop is typical in many ways of all the operations on *Nation's Restaurant News'* list of Top 10 Volume Restaurants.

For one thing, it's a landmark, a destination for locals and visitors. For another, it's not just one business but several, really.

The Hilltop's accountant said that if you went so far as to count cigarette sales as a separate revenue line—as he does—The Hilltop Steakhouse is 12 businesses.

At the No. 2-listed Inhilco-owned Windows on the World, that situation is much the same. The Windows operation on two floors of the World Trade Center at the foot of Manhattan also encompasses many different businesses, including massive private dining and catering services.

If all Inhilco's food-service sales in and around the World Trade Center were totaled, the sum would be about \$37 million this year, according to a company spokesman.

But that includes sales of street vendors peddling hotdogs, contract services to companies within the giant twin-towered office building, the immense Market Dining Rooms complex of restaurants at the bottom

of the towers and more, in addition to Windows on the World.

Almost all the restaurants listed are destinations. Fully half of Windows on the World's customers are visitors to New York. They come to dine and drink romantically at one of the tallest buildings in the world with its renowned view of New York har-

bor.

At Mama Leone's one draw is New York's theater district; another according to executives at parent Restaurant Associates is simply the fame of a tradition-associated name.

At The Manor, West Orange, N.J., the setting of 22 acres of manicured grounds, including a museum, an in-

house florist shop, two chapels, a waterfall, fountain and gazebo is an attraction to 1,200 customers a day.

At the top volume restaurants almost all the numbers are big.

Fifty thousand customers a week visit the huge volume Hilltop Steakhouse, which sports a 6-ft. high sign  
(Continued on page 72)

### TOP 10 VOLUME RESTAURANTS

|                                        | 1982 Projected Sales    |      |          | % Costs |       | Employees | Seats | Per Person Check Averages |         |
|----------------------------------------|-------------------------|------|----------|---------|-------|-----------|-------|---------------------------|---------|
|                                        | Total*<br>(in millions) | Food | Beverage | Food    | Labor |           |       | Lunch                     | Dinner  |
| The Hilltop<br>Saugus, Mass.           | \$31.0                  |      |          |         |       | 600       | 1,350 | \$ 5.00                   | \$12.00 |
| Windows on the World<br>New York       | 21.5                    | 60%  | 40%      |         |       | 490       | 1,550 | 21.00                     | 37.00   |
| Tavern on the Green<br>New York        | 18.0                    | 70   | 30       |         |       | 425       | 944   | 18.00                     | 31.00   |
| *The Manor<br>West Orange, N.J.        | 14.0                    | —    | —        | —       | —     | 250       | 446   | not<br>served             | 32.00   |
| Anthony's Pier 4<br>Boston, Mass.      | 13.2                    | 72   | 28       | 40%     | 27%   | 375       | 880   | 13.00                     | 22.00   |
| Spenger's Fish Grotto<br>San Francisco | 12.0                    | 81   | 19       | 55      | 33    | 240       | 730   | 7.00                      | 7.00    |
| The "21" Club<br>New York              | 10.8                    | 68   | 32       | 40      | 25    | 290       | 500   | 32.00                     | 63.00   |
| Rosie O'Grady's<br>Orlando             | 10.7                    | 71   | 29       | 37      | 35    | 540       | 400   | 7.00                      | 14.00   |
| Mama Leone's<br>New York               | 8.5                     | 84   | 16       |         |       | 250       | 850   | 11.00                     | 17.50   |
| Mai-Kai<br>Fort Lauderdale             | 8.0                     | 58   | 42       | 41      | 38    | 225       | 675   | not<br>served             | 22.50   |
| Maxwell's Plum<br>San Francisco        | 8.0                     | 72   | 28       | 33      |       | 208       | 628   | 11.50                     | 24.50   |

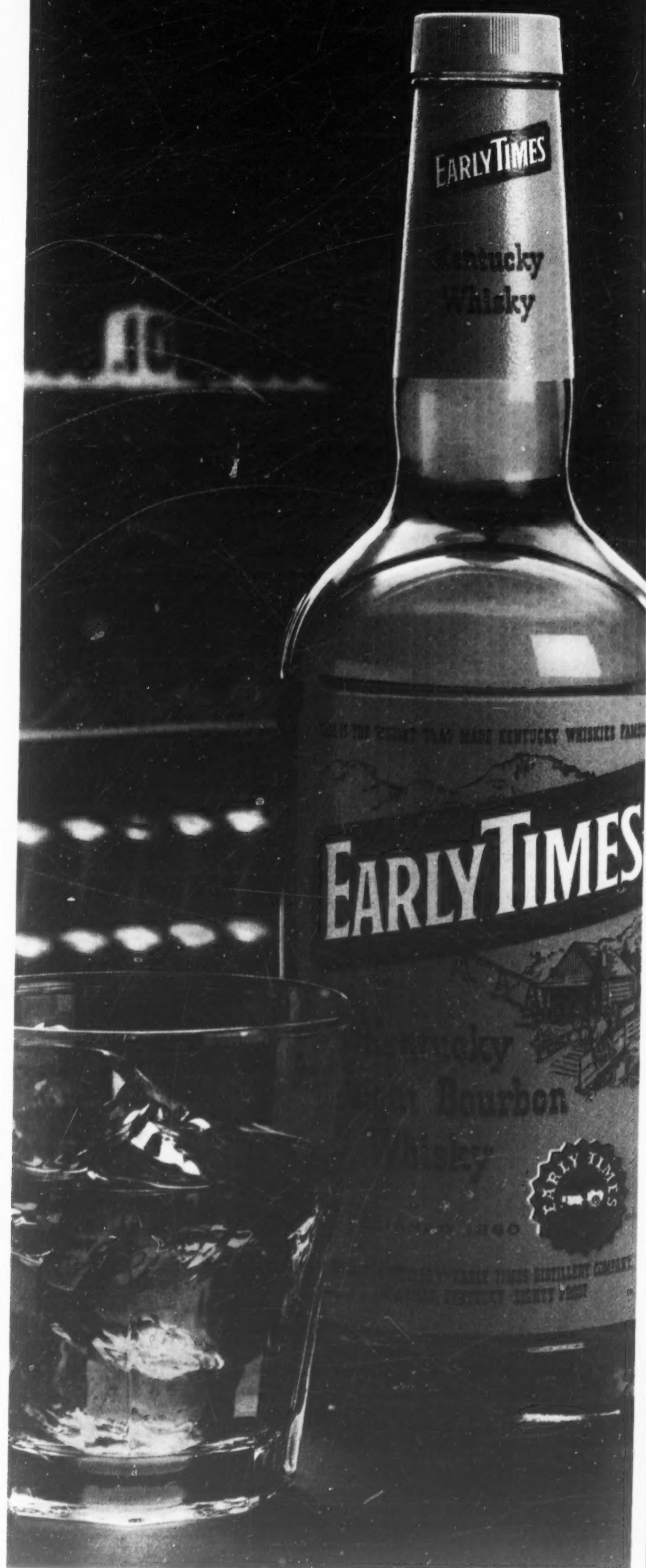
Source: NRN research

\*All volumes include banquet, party, catering and other subsidiary operations of each restaurant.

*The majority of these extremely high-volume operations are destination restaurants offering generous portions at a modest price. Many are also landmarks.*

# NRN FOCUS

## Ring out the old...



## THE TOP 10



New York City's Mamma Leone's, a city landmark for several years, attracts a large volume of tourists because of its fame-associated name.

## Where the crowds gather

(Continued from page 71)

80 ft. off the ground and visible for miles. Each customer dines in one of the restaurant's 1,350 seats. They are served by waiters and waitresses from a staff of 600.

Hilltop emphasizes price-value with a lobster or 1-lb. filet mignon—including a large salad, potato or rice, rolls and 1/4-lb. of butter—for \$10.95.

As at others on the top-volume list, customers are offered generous portions at a modest price. Combined lunch and dinner average check is about \$12 per person.

A survey completed at Restaurant Associates' Mama Leone's last fall showed that 30% of that restaurant's customers were attracted by the extensive menu while another 30% came "for the perceived value of abundant portions."

Besides a heavy tourist business, a destination locale and a wide ranging menu, other elements in a super volume seem to be long hours of business and, for at least some, no dress code.

But that doesn't mean that running such a restaurant is easy. The problems can be as staggering as the sales.

Most of the restaurants on the list hold \$100,000 or more of food inventory at any given moment.

Several do about half a million pounds of laundry each year.

All frequently spend weeks or months ferreting out a supplier who can give them a consistent product in the quantities they need.

And at least one top-volume manager admitted to wondering just how many times a 20-year-old oven could be rebuilt.

At each of these restaurants their

hordes of employees (they number from 208 to 600) require training and retraining.

At Windows on the World, said director Alan Lewis, "We have constant training programs starting with training for the trainers. We have periodic required retraining for old staff and all service personnel go through our wine course."

The Manor has an audio-visual department that provides videotapes for the staff on every aspect of the restaurant's operations. The tapes, including ones on service, how to pour wine, and how to set up a dessert cart run continuously each night on monitors in the kitchen.

General Manager Bill Boggier also arranges regular lectures, slide presentations and educational staff meetings for the restaurant's personnel.

Most said, however, that despite the obvious problems of bigness, they had ironed out their operation's details to a great degree.

Today's problem, they agreed, is keeping up a constant flow of promotion, merchandising and advertising programs to keep those armies of customers heading their way.

At Mama Leone's, said an official, "We continuously merchandise and advertise through promotions." He cited a particularly successful promotion involving singer Jerry Vale.

At Windows on the World, likewise, a wide-ranging promotion program was pointed to as the major ongoing concern of top management.

All in all, the patterns of the landmark operations on the Top 10 Volume Restaurants List is remarkably clear. But as with all legends, their path to success may not be as easy to follow as it is to look at.

## COMPOUND ANNUAL GROWTH RATES OF SELECTED CHAINS

|                             | 1982* (Estimated) |            |              |          |            |           | 1983-1987 (Projected) |            |              |          |            |           |
|-----------------------------|-------------------|------------|--------------|----------|------------|-----------|-----------------------|------------|--------------|----------|------------|-----------|
|                             | Expansion         | Avg. Check | Cust. Counts | Revenues | Net Income | Dividends | Expansion             | Avg. Check | Cust. Counts | Revenues | Net Income | Dividends |
| <b>Chart House:</b>         | - 8%              | 4%         | -0%          | 10%      | - 6%       | 11%       | 6%                    | 5%         | 2%           | 13%      | 15%        | 15%       |
| Burger King                 | - 1               | 5          | 1            |          |            |           | 2                     | 5          | 2            |          |            |           |
| Steakhouses                 | 2                 | 3          | -2           |          |            |           | 4                     | 5          | 2            |          |            |           |
| Other                       | 275               | 3          | 4            |          |            |           | 40                    | 5          | 3            |          |            |           |
| Church's Chicken            | 8                 | 2          | 0            | 7        | - 2        | 19        | 9                     | 5          | 5            | 20       | 20         | 25        |
| Collins Foods Int'l:        | 1                 | 7          | 4            | 12       | 20         | 25        | 2                     | 5          | 3            | 10       | 13         | 13        |
| Sizzler                     | 0                 | 8          | 6            |          |            |           | 4                     | 5          | 4            |          |            |           |
| KFC                         | 2                 | 5          | 2            |          |            |           | 0                     | 5          | 2            |          |            |           |
| Denny's:                    | 3                 | 5          | 3            | 12       | 37         | 14        | 7                     | 5          | 3            | 15       | 17         | 15        |
| Coffee Shops                | 4                 | 5          | 4            |          |            |           | 8                     | 5          | 3            |          |            |           |
| Winchell's                  | - 7               | 7          | 0            |          |            |           | 1                     | 5          | 1            |          |            |           |
| Jerrico                     | 14                | 5          | 2            | 15       | 10         | 50        | 13                    | 5          | 3            | 20       | 23         | 20        |
| Luby's Cafeterias           | 7                 | 6          | 2            | 15       | 15         | 15        | 9                     | 5          | 2            | 15       | 15         | 15        |
| McDonald's                  | 9                 | 3          | 2            | 13       | 13         | 26        | 6                     | 5          | 2            | 13       | 15         | 17        |
| Pizza Inn                   | - 11              | 5          | 5            | 3        | 100        |           | 4                     | 5          | 2            | 10       | 12         |           |
| Ponderosa                   | 0                 | 3          | 5            | 12       | 24         | 0         | 2                     | 10         | 2            | 15       | 17         | 15        |
| Sea Galley Stores           | 33                | 5          | 1            | 50       | 40         |           | 19                    | 5          | 3            | 27       | 22         |           |
| Shoney's Coffee Shops       | 12                | 5          | 3            | 17       | 20         | 19        | 10                    | 5          | 2            | 17       | 17         | 17        |
| Captain's D's               | 20                | 5          | 3            |          |            |           | 13                    | 5          | 3            |          |            |           |
| Wendy's                     |                   |            |              | 29       | 14         | 7         |                       |            |              | 15       | 15         | 15        |
| Unweighted Company Avg.     |                   |            |              | 16       | 25         | 19        |                       |            |              | 16       | 17         | 17        |
| Excluding Pizza Inn         |                   |            |              | 17       | 18         | 19        |                       |            |              |          |            |           |
| Standard & Poor's 500 Index |                   |            |              |          | - 15       | 5         |                       |            |              |          | 9          | 7         |

Source: E. F. Hutton

\*Compared with 1981

## Gosnell expands its Point Tapatio resort centers

PHOENIX—Gosnell Development Corp., operator of the new 64-acre Pointe Tapatio resort and The Pointe resort here, has begun preliminary development of a 400-acre, \$364 million South Mountain expansion of its properties.

In the works are a 16,000-sq.-ft. ballroom, set to open by year's end. The total development will include close to 800 guest suites, a 1,500-seat convention center and six restaurants.

A sushi chef is reportedly being brought in from California for one of the operations, and the resort's Rustler's Roost restaurant is being renovated to seat 1,800 diners.

The development, in the north central part of the city, will eventually include two million sq. ft. of office space. Already in use are 226 hotel suites, two restaurants and a variety of recreation facilities.

## Mass. nixes rollback of bar closings

BOSTON—Much to the relief of the Massachusetts Restaurant Association, the state house of representatives last month defeated by 96-to-55 an amendment to drunk-driving legislation that would have rolled back bar closings from 2 a.m. to 1 a.m. statewide.

The bill in its final form poses no threat to the industry, the trade group said in a statement authored by attorney John Coyne.

The commonwealth's legislature had interrupted their summer recess to stiffen drunk driving penalties.

The defeated amendment was aimed at standardizing closing hours which can vary from town to town, causing drunk drivers to race from one to the next to make a last call, sponsors said.

Opponents argued it would have hurt Massachusetts' convention standing and usurped home rule prerogatives.

## Hutton forecasts modest chain growth

NEW YORK—Some of the leading food-service chains will post small increases in customer counts this year and in the five-year period from 1983 to 1987, according to a forecast by E. F. Hutton, the Wall Street brokerage firm.

The increases in customer traffic at the chains E. F. Hutton tracks would be accompanied by modest to significant jumps in net income, running far ahead of what is expected at the firms on Standard & Poor's 500 Index.

Of the 13 food-service firms in E. F. Hutton's forecast, only Chart House's steak restaurants will show a dropoff in customer counts this year—about 2%. Church's Fried Chicken and Winchell's Donut Shops will have flat counts and the other chains will post gains in customer traffic of between 1% (Sea Galley and Chart House's franchised Burger King restaurants) and 6% at Sizzler steakhouses.

Modest gains in customer traffic, ranging from 1% to 5%,

are expected at the 13 food-service chains on a compound annual basis in the next five years.

Hutton expects a 2% rise in traffic at Chart House and that firm's Burger King units and steakhouses; a 3% increase at Collins, Denny's, Sea Galley, Captain D's and Jerrico (Long John Silver), and a 5% rise at Church's.

Net income will be up this year at 12 of the 13 firms. Only Church's will show a drop in net income this year (about 2%), according to Hutton. Some of the

companies will post significant increases in their profits, including Shoney's (20%), Sea Galley (40%), Ponderosa (24%), Pizza Inn (100%), Denny's (37%) and Collins (20%).

The compound annual growth rate in profits at these 13 chains from 1983 to 1987 will range from 12% at Pizza Inn to 23% at Jerrico.

Average checks at these selected chains will increase between 2% and 7% this year and between 5% and 10% annually over the next five years.

## 'Just get me to Burger King on time,' insisted groom

JASPER, Tex.—A local couple got married here their way—at a Burger King.

Debby Beard, 19, an employ-

ee at the restaurant, and Rudy Lane, 18, who works at a local Pizza Inn, tied the knot in a candlelit afternoon ceremony even

as business continued as usual at the drive-thru window. But the dining room itself was closed for the ceremony and celebration for a couple of hours.

Counter employees wearing their usual brown and orange Burger King uniforms tried to keep a straight face. And one guest quipped, "What are we going to throw? Whoppers?"

The decision to get married at the Burger King started on a whim.

"We were talking about the wedding and one of the girls said, 'Let's have it here,' and after that it just kept going that way," the bride told the *Beaumont Enterprise*, a local newspaper.

And when Debby called her fiancé in San Diego, where he was stationed in the Navy, to tell him of the plans, he thought she was joking.

"I thought, you've got to be kidding, I'm not getting mar-

### Gira maps fast food

GENEVA—Gira S.A., a Swiss food-service research firm, plans to publish a projected study of the future of fast food in France to the end of this decade.

"The Fast Food Market in France, 1982-1990" will attempt to forecast growth trends, costs, prices and societal fallout, the company said.

ried in a Burger King. Then I found out she was serious, and I decided it was all right with me, I guess," Rudy said.

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## Vending companies show slight rise in profit margins

CHICAGO—Pretax profit margins of vending machine companies rose slightly in 1981 to 3.7% of sales from 3.2% in 1980, but remained below the 5% level "which prevailed during the years before the economic turndown," said G. Richard Schreiber, president of the National Automatic Merchandising Association (NAMA).

The most favorable margins were achieved by companies with sales of \$10 million or more, at 4%, and by those with sales from \$750,000 to \$2 million, which netted 3.6% of sales before taxes, according to a study of 166 firms conducted for NAMA by Price Waterhouse & Co.

Companies with sales between \$2 million-\$10 million posted the poorest average net profits, 2.2%, while those with under \$750,000 in sales reported an average 2.8% pretax profit.

"The effect of the recession and of high interest costs is evident in that profits from operations dropped from 2.1% in 1980 to 1.8% in 1981 and interest expenses of smaller companies amounted to an average 1.4% of sales," Schreiber said.

Productivity, on the other hand, increased from sales per

vending employee of \$67,339 in 1980 to \$84,856 per employee in 1981, Schreiber said.

Total industry volume is estimated to be in excess of \$15 billion.

In a separate study by the Department of Commerce, underwritten by NAMA, the dollar value of 1981 vending machine shipments increased to \$350,473,000 from \$327,688,000 in 1980.

The increase comes as a result of higher prices, since the actual number of vending machines shipped in 1981 decreased to 504,841 units from 516,858 in 1980.

Some types of machines stood out as gainers in spite of the overall decrease in the number of machines produced. For example, shipments of the popular glass-front snack vending machines increased to 38,372 units from 36,675 in 1980. Soft drink machines also posted strong increases.

### GROSS PROFIT AND SALES STATISTICS BY PRODUCT

1979-81

| Products                          | Composition of Sales At Retail |        |        | Average Sales Per Machine |         |         |
|-----------------------------------|--------------------------------|--------|--------|---------------------------|---------|---------|
|                                   | 1979                           | 1980   | 1981   | 1979                      | 1980    | 1981    |
| Cigarettes                        | 11.4%                          | 10.9%  | 12.2%  | \$2,800                   | \$2,674 | \$2,582 |
| Candy, Nuts, Gum                  | 7.9                            | 7.3    | 7.9    | 2,975                     | 2,713   | 2,478   |
| Cold Cup Beverages                | 8.3                            | 7.5    | 7.5    | 4,605                     | 4,465   | 3,842   |
| Hot Cup Beverages                 | 10.6                           | 10.2   | 11.0   | 4,093                     | 4,034   | 4,054   |
| Ice Cream                         | 0.3                            | 0.3    | 0.3    | 1,456                     | 1,604   | 1,339   |
| Milk                              | 2.8                            | 2.8    | 3.3    | 3,404                     | 3,474   | 3,403   |
| Sandwiches, Salads, Entrees       | 5.0                            | 4.9    | 5.4    | 4,212                     | 4,178   | 4,275   |
| Pastry and Snacks                 | 8.0                            | 7.0    | 6.6    | 3,417                     | 3,228   | 3,015   |
| Hot Canned Soups And Food         | 0.9                            | 1.1    | 1.3    | 1,639                     | 1,849   | 1,660   |
| Bottled and Canned Drinks         | 6.2                            | 5.4    | 5.0    | 5,566                     | 5,350   | 5,670   |
| Misc. Vending Machine Products    | 3.8                            | 3.0    | 3.3    |                           |         |         |
| TOTALS                            | 65.2%                          | 60.4%  | 63.8%  |                           |         |         |
| Average Sales                     |                                |        |        | \$3,688                   | \$3,502 | \$3,266 |
| Sales Other Than Through Machines | 34.8                           | 39.6   | 36.2   |                           |         |         |
| TOTAL SALES                       | 100.0%                         | 100.0% | 100.0% |                           |         |         |

Source: N.A.M.A./Price Waterhouse & Co.

Cigarette vending machines garnered the largest chunk of total vending machine sales in 1981.

### Workshop topic:

## Turn change into profit

NEW YORK—Why do some food-service operations survive, even flourish, as a result of change, when others do not?

That question will be addressed by Irving Eison, Dunkin' Donuts' product marketing and development vice president, at the semiannual Dynamic Leadership Action Workshop sponsored by New York University's Center for the Study of Foodservice Management on Oct. 4.

Titled "How to turn 'change' into dollars in the food-service market," the workshop will offer practical, down-to-earth ideas designed specifically for food-service professionals in commercial, institutional and supplier operations.

The program will be held at the Loeb Student Center, 566 LaGuardia Place, from 9:30 a.m. to 1:30 p.m. Workshop fee is \$40; \$35 for early registration before Sept. 30. Printed materials and brunch included. For additional information, contact Dianne Davis at 212-598-2369 or 212-688-8078.



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## Industry PACs intensify fund-raising efforts

By Ken Rankin

WASHINGTON—An aggressive political fund-raising drive engineered by fast-food chains and other restaurant industry segments has generated a campaign warchest of more than \$1 million for the upcoming November elections.

That total could swell closer to \$2 million by election day as restaurant industry trade associations and more than a score of individual food-service chains intensify their "Political Action Committee" fund-raising activities during the home stretch of the critical '82 Congressional campaign.

Most of the money collected so far by restaurant PACs is earmarked for key House and Senate candidates, and industry political fundraisers at Burger King, McDonald's, Steak and Ale, Morrisons, the National Restaurant Association, and other food-service organizations have already kicked in more than \$400,000 to support "pro-free enterprise" Congressmen.

But restaurant industry PACs will still be able to pump at least another \$790,000—and perhaps an additional \$1 million

or more—into the campaign coffers of selected candidates during the final weeks of this year's election drive.

An exclusive *Nation's Restaurant News* survey of Political Action Committee reports on file with the Federal Election Commission found there are now at least 25 food-service industry PACs actively raising campaign funds for Federal and state candidates.

As of midsummer these restaurant political groups had already contributed to the campaigns of more than 500 House and Senate candidates, and had

made additional payments to dozens of state office seekers.

Altogether, the food-service and lodging industry's more than two dozen active political action committees had contributed \$19,680 to state and local candidates as of F.E.C.'s most recent (mid-July) filing deadline. In addition, these PACs pumped another \$21,400 into allied industry fund-raising organizations such as the political action committees operated by the National Restaurant Association and the International Franchise Association.

An earlier *NRN* restaurant

industry PAC analysis based on contributions made during 1981 found that food-service political fund-raisers were channeling the majority of their contributions to Democratic Congressmen—particularly members of influential House committees.

The latest figures—which reflect PAC payments during the first half of '82 as well as last year's activity—show that the more recent food-service political contributions have been tilted much more heavily toward G.O.P. candidates.

In fact, of the 778 campaign

(Continued on page 29)

## Neeb joins W. R. Grace as president of fast food

By Roman Czajkowski

NEW YORK—Three months after resigning as chairman and chief executive officer of Burger King Corp., Louis P. Neeb has signed on with W. R. Grace & Co. to head a newly formed fast-food division.

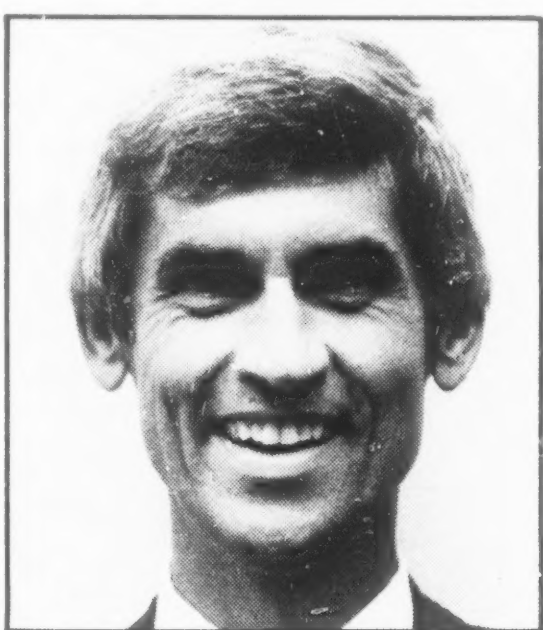
Neeb, 43, will be in charge of Grace's 147 Del Taco Mexican fast-food outlets as well as several unspecified "developmental" fast-food concepts.

The fast-food units are part of Grace's group of more than 600 restaurants, which include dinnerhouses and coffee shops. Del Tacos, for which Grace holds national expansion rights purchased from the California-based original chain, are located primarily in the Southeast and Southwest.

Neeb, who will maintain an office in Dallas where he lives with his wife and two children, will hold the title of president of the fast-food division. He had been looking for a job since resigning from Burger King in June amidst speculation that he was being eased out in a reshuffling of top management.

At Burger King, whose real sales growth has been flat over the past two years, Neeb built a reputation as a strategic planner.

Neeb headed Burger King



Louis P. Neeb

for nearly two years, moving to the fast-food chain from another Pillsbury subsidiary, Steak & Ale, where he was president.

A long distance marathon  
(Continued on page 72)

## ARA's new executive structure designed to boost market share

PHILADELPHIA—In a bid to increase the market share of its contract feeding and vending businesses, ARA has restructured executive responsibilities at ARAserve, its major food-service division.

Until the current move, operating responsibility for ARAserve's businesses had been primarily regional. Under the realignment, top responsibility will be by business line.

This reorganization touches a large portion of ARA's total businesses. ARAserve's 1981 revenues accounted for about half of ARA's \$3 billion total.

ARAserve's umbrella covers ARA's vending and dining ser-

vice management for businesses, Government, and education and health care institutions.

Under the new arrangement, ARAserve is broken into two major divisions and six sub-divisions. Each is headed by an executive with the title of president. Each of these executives will be stationed in ARA's Philadelphia headquarters and will report to ARAserve president John Farquharson.

The major divisions are Educational/Healthcare services and At-Work services; Educational/Healthcare includes school and college dining services, hospital food management and community dining

services, while the At-Work division encompasses vending, business dining and the coffee system market.

This restructuring of responsibility is the continuation of an effort that was first instituted two years ago when vice presidents at the regional level were asked to concentrate on a single business. The test was so successful that specialization for presidents was only a matter of time.

Giving each president one line to develop allows the executives to gain greater depth of knowledge, thereby facilitating greater market penetration.

(Continued on page 72)

## Summer slump cools World's Fair optimism

By Charles Bernstein

KNOXVILLE, Tenn.—The World's Fair, which started off so gloriously for exhibitors and food-service operators alike here in May and exceeded attendance expectations the first few months, slumped drastically in August. Now it appears the Fair may just barely make its original conservative 11 million attendance projection.

Operators of the multiplicity of restaurants, snack shops and refreshment stands, who were so optimistic at first, are con-

cerned they may not make the profit figures they had anticipated. "We're totally dependent on attendance at the Fair for our customers," was the consensus, "and we just hope this thing comes back in its final weeks."

Still, strategically located places near the more popular Fair pavilions have been prospering. In particular, the Belgian waffle stand and the Strohaus Bavarian restaurant (which will continue after the Fair) are thriving while others temporarily falter.

The per capita is believed running slightly higher than an original conservative \$4.09 projection, which means that if the World's Fair achieves an 11 million attendance in its remaining days until Oct. 31, total food-service volume would hit \$45 million (of which \$7 million would go to the Fair in rentals). Some 60% of the total volume would come from 44 snack shops and 27 single-item refreshment stands and 40% from 15 restaurants and cocktail lounges. Not one of these places has closed—an unusual record.

Total attendance at the Fair  
(Continued on page 72)



With World's Fair attendance slipping dramatically, food-service operators fear profit projections may have been too high.

## Lums, IHOP up for grabs as Wienerwald regroups

NORTH HOLLYWOOD, Calif.—International House of Pancakes and Lums appear up for grabs by the highest bidder as their parent Wienerwald Holding attempts to reorganize under European bankruptcy laws.

California-based IHOP recently retained Bear, Stearns & Company to review its operations and evaluate its chances of finding a buyer, IHOP president Richard K. Herzer said.

But Herzer emphasized that the pancake chain was "entirely viable" and should "continue making money despite the reorganization" of Swiss-based Wienerwald.

Meanwhile, Miami-based Lums chain's financial position was reportedly being examined to determine its future. Lums is believed to be in a more precarious position than IHOP.

Together, the Lums and  
(Continued on page 72)

### LATE NEWSBREAKS

Burger King is launching a direct ad attack at McDonald's this week with new TV commercials proclaiming that in taste tests "Whopper Beats Big Mac." BK store crews will sport caps bearing the same message. The campaign is reportedly directed at adults and singles.

McDonald's chairman Fred Turner said the company has tentative plans for restaurants in Yugoslavia. Previous plans for expansion into Poland are on hold because of political uncertainties there, Turner said.

Sisters Chicken & Biscuits, Wendy's 19-unit fast-food chicken chain, has added its own new mild chicken item to its menu in all stores, complementing its regular spicy chicken. Both versions are marinated and then deep fried.